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STATISTICAL BULLETIN

Volume 18, No. 10, November, 1985

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The Conference Board

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THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

* INDUSTRIAL PRODUCTION STILL RISING MODESTLY
* INVENTORY DECLINES
* CONSTRUCTION BOOM RUNS INTO TROUBLE
* PERSONAL INCOME GAINS
* IMPORTS SURGE
* DOLLAR TAKES A SHARP PLUNGE
* OUTLOOK * 4TH QUARTER GROWTH PEGGED AT JUST UNDER 3%

OVERVIEW: The final quarter of 1985 began with a longer list of positives than negatives. Employment growth over the last 2 months has exceeded expectations and personal income has started to rise a little. New orders, though down in the latest month, were still higher than a few months ago. Production has continued to expand, albeit rather modestly, while inventory levels have continued to fall.

Additionally, money growth remains strong. Price increases are not accelerating. And the dollar came down rather sharply in October. Business activity, then, continues to look robust in a number of areas.

Still, there are a few signs of economic strain in the system. High consumer debt, and a low savings rate, represent one area of concern. Consumers can't repay debt, rebuild savings and continue to increase spending. On another front, construction has run into difficulty sustaining momentum. Housing starts fell in September.

Another important problem area is foreign trade. Until most recently, there was some small indication that the import surge was subsiding. In September, however, there was an outsized increase in imports. The significant dollar decline occurred in October. The import rise, then, can't simply be attributed to the effect of a dollar decline.

Overall, while the indication is that economic growth remained vigorous going into the 4th quarter, economic expansion was not spreading into a few, important areas. On balance, the *Economic Forecasts* are now expecting real GNP growth of about 2.7% in the 4th quarter (seasonally adjusted annual rate). Further, they expect that pace of activity to be maintained going into the first half of the new year.

DOMESTIC MARKETS MONITOR

Labor market activity has perked up a bit over the last 2 months. Employment gains were quite strong, but labor force participation has also risen. Thus, the unemployment rate remained at 7.1% in October. Greater labor force participation was notable among adult white men and all teens. Improved economic conditions are, no doubt, encouraging people to start looking for work.

Payroll employment gains were stronger in October than they have been since January. That was the last time when the rise in goods-production employment matched gains in services. The pace in service gains remained fairly steady throughout 1985. Goods employment, however, slowly ebbed. But employment rose by 0.4% in both sectors in October. Those increases, together with a rise in the service workweek, generated a very strong 0.5% rise in total hours.

Hiring in motor-vehicle production paced the gain in goods-production employment in October. That producers were adding workers, after the big surge in car buying in August and September, suggests that car sales are not expected to fall off precipitously even though discount-loan incentives have been discontinued.

Labor market improvement in the latest 2 months has been better than anticipated. The Conference Board's *Help-wanted Index*, a measure of labor demand, rose in September. Early returns to the October survey suggest another small increase. That would only bring the index back to its level in June. Some of the recent gains in employment, such as recalls of laid-off auto workers, did not entail increased advertising for new job applicants.

Gains in employment are not expected to remain strong. The *Economic Forecasts* are suggesting that labor market improvement will be quite modest over the next 4 quarters. The median forecast is that the unemployment rate will not drop below its present level through the 4th quarter of 1986.

Despite fairly good increases in wages and salary, personal income (deflated) only rose by 0.1% in September. Declines in interest income (due to lower rates paid on savings), income declines for shopkeepers and landlords, and some fall in government transfer payments, offset increases in wages. Over the last 7 months, wages paid in goods-producing industries rose at a 3% annual rate. Wages rose by 7.8% in other, non-import competing industries. Prior to that, gains in both sectors had been fairly close during this expansion.

Ken Goldstein, Editor

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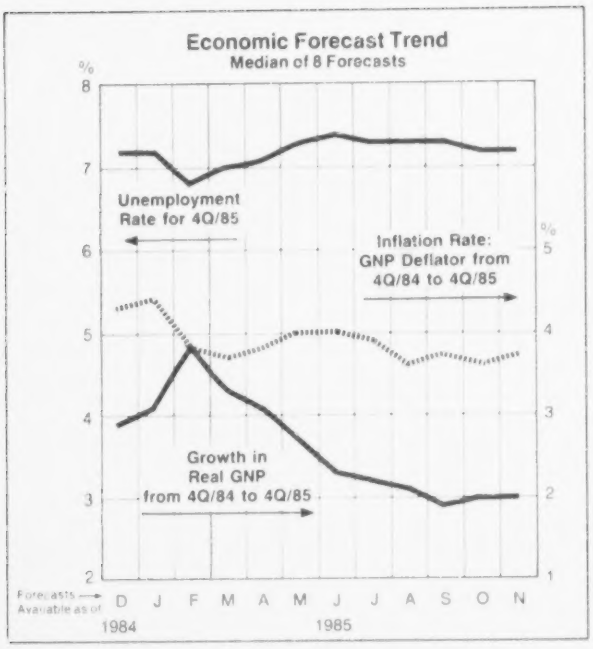


Single-family home sales fell in September for the second month in a row. That decline in sales, coupled with rising home construction, has built up the supply of newly-completed but unsold homes. This slide in sales is a little surprising in that mortgage rates are slowly dropping and the price of new homes was no higher in September than it was at the beginning of this year.

Rising home construction was interrupted in September. Single-unit starts fell 10.4 percent, after climbing back in August to the strong pace set earlier this year. And permits fell by almost 5% in September. Multi-unit starts never did recover to the pace set earlier this year. But, while multi-unit starts fell by 7½% in September, permits rose by 7½ percent. Lower mortgage costs may lift construction activity. Indeed, builders were hiring new workers in September and October.

The value of new construction, deflated, rose by almost 2% in September. Yet the value of new single-unit construction did not rise at all. Multiple-unit construction, additions and alterations on homes and spending on plants and office buildings accounted for most of the sharp rise in September.

The dip in new orders in September comes on the heels of some sharp increases. Orders for defense capital goods, transport equipment and primary metals all fell after strong gains in the prior 3 months. Overall, manufacturing orders were off 1.1% in September but remain 3% higher than the level of last May.

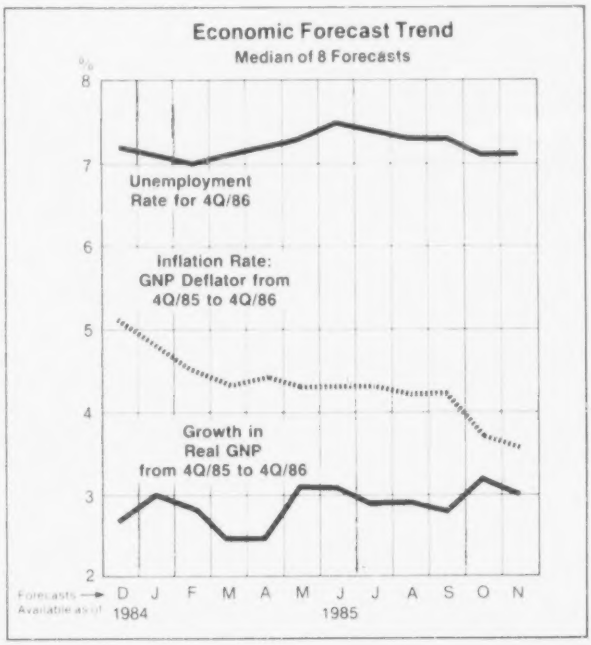
INVENTORY: The surge in auto sales helped to reduce the level of stocks. Durable inventory fell 0.5% in August while nondurables fell only 0.1 percent. Overall, the inventory/sales ratio has dropped over the last two months and was no higher in August than it was last Spring.

INTERNATIONAL MONITOR

Import growth resumed with imports 8% higher in September than 3 months earlier. Agricultural shipments fell by 1½% over this period and fuel shipments were also lower. Manufactured products surged: Nonelectric machinery rose 9%, electric machinery rose 15% and transportation equipment, largely cars and trucks, rose by 11 percent. Car shipments from Canada increased by 32% while shipments from Japan rose by 20% over the last 3 months.

The aim of the G-5 agreement in late September was to help bring down the dollar, through intervention if necessary. That announcement, together with intervention in markets, helped bring about a sharply lower dollar in October. It only declined by 0.3% against the Canadian dollar. The fall, however, was much sharper against other major currencies. The trade-weighted average *Exchange Rate* in October was 118.8 (1980-1982 = 100). That put the dollar 5% lower than it was 1 month earlier, and 13% lower than its peak value back in March. A lower dollar raises the price of imports. Thus, following the big jump in September, the value of imports will increase in October even if volume does not.

Ken Goldstein
November 12, 1985

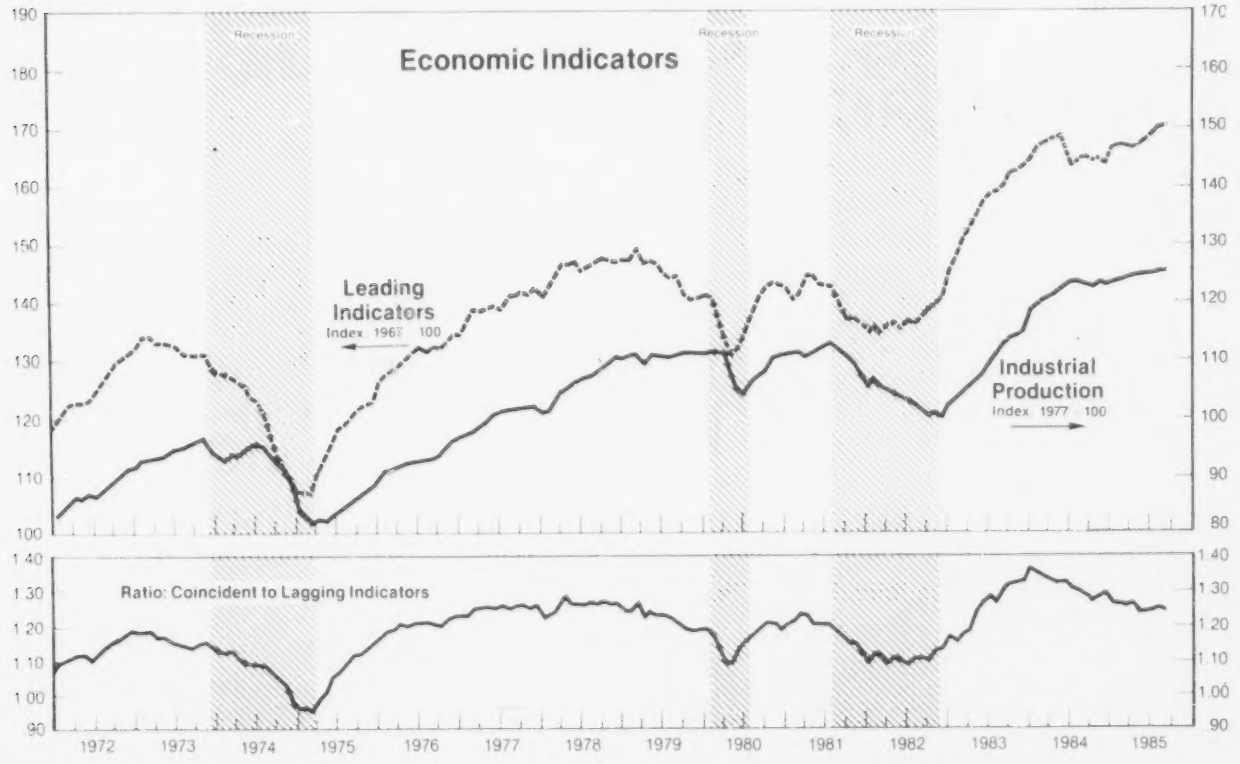


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Sept	X			+ 1.6%	+ 2.8%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Sept	X			+ 4.7%	+ 4.4%
New orders, nondefense capital goods (deflated)	Sept	X			+ 1.3%	+ 2.4%
*New business formation	Sept	X			+ 0.8%	- 1.8%
*Housing permits	Sept	X			+ 5.4%	+ 18.9%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Sept	X			+ 1.3%	+ 4.6%
*Change in inventory, on hand & order (deflated)	Aug			X	- 1.4%	- 16.1%
Purchasing agents' buying policy	Oct			X	- 4.0%	- 11.0%
*Vendor performance, reported slower deliveries	Oct		X		+ 2.0%	- 6.0%
Industrial raw materials prices	Oct			X	- 1.3%	- 10.8%
*Change in sensitive material prices	Sept			X	- 0.4%	+ 0.5%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Sept	X			+ 1.7%	+ 6.2%
Change in business loans	Sept		X		+ 58.8%	- 37.7%
*Change in credit outstanding	Sept		X		+ 3.4%	- 10.1%
Change in consumer installment debt	Aug		X		- 32.8%	+ 3.5%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q		X		- 0.2%	- 11.4%
*Common stock prices	Oct			X	- 3.8%	+ 12.9%
Marginal Employment Adjustments						
*Average workweek, mfg.	Oct	X			+ 0.4hr	+ 0.2hr
*Initial unemployment claims (inverted)	Oct		X		- 1.0%	+ 4.9%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington D.C.: Government Printing Office) June, 1977.

*These twelve series make up the Composite Leading Index charted below.



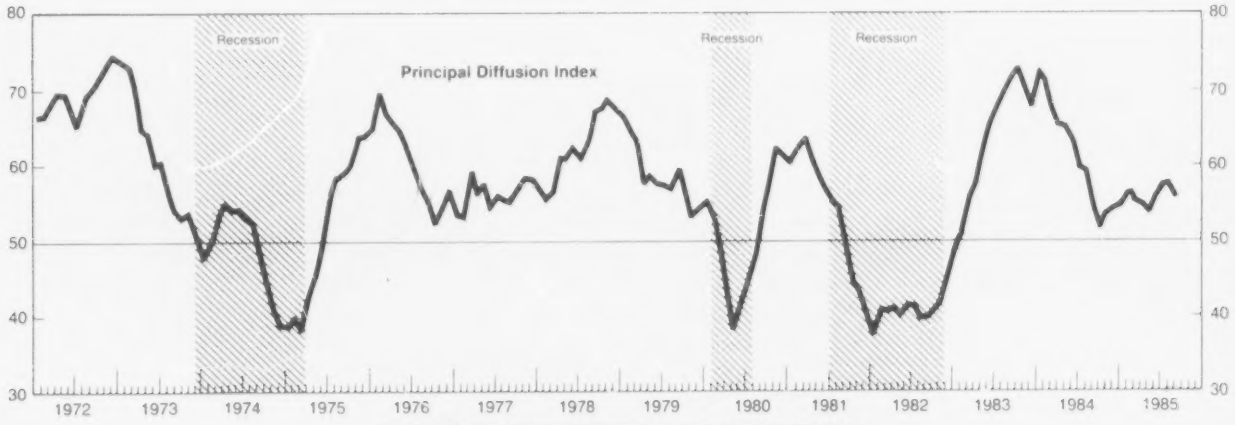
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1984 Sep	1985 June	July	Aug.	Sep (e)
Principal Diffusion Index	52.6	56.0	57.3r	57.5r	55.8
Auxillary Diffusion Index	35.9	56.6	54.5r	50.4r	44.6
Industrial Group	51.8	56.3	56.9	59.7r	57.5
Nonindustrial Group	53.5	55.6	57.8	55.2r	54.1
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	50.9	54.7	57.7	60.7r	63.2
Labor	53.3	58.8	57.8r	61.3r	58.1
Miscellaneous	49.4	52.6	53.2	54.5	47.4
Nonindustrial Subgroups					
Prices	45.5	46.8	48.1	41.0	34.6
Consumer	65.4	64.5	69.7	73.9	72.2
Building	57.1	62.2	60.3	58.3r	48.7
Miscellaneous	44.4	48.1	50.9	43.8r	52.6

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1982 Nov.	1983 Feb.	May	Aug.	Nov.	1984 Feb.	May	Aug.	Nov.	1985 Feb.	May
	Score (scale 0-100)										
Measure of Business Confidence	60	70	76	75	74	70	65	61	57	61	52
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	44	65	76	82	80	76	75	70	57	62	48
2. Expectations for Economy, Six Months Ahead	70	76	78	74	73	67	60	57	57	61	53
3. Expectations for Own Industry, Six Months Ahead	65	70	72	69	70	67	61	57	58	61	55

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

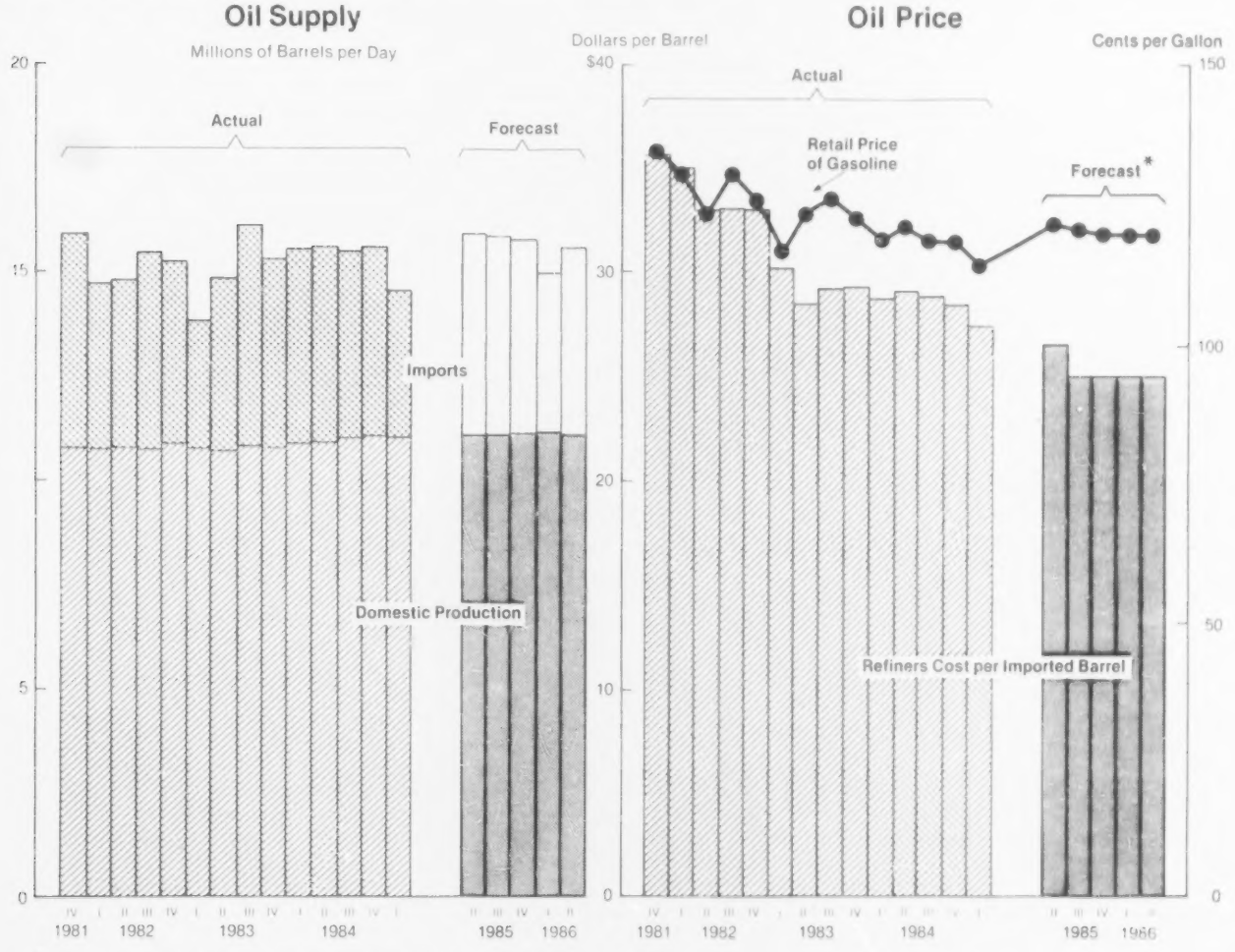
	1983	1984				1985		Percent Change From Previous Year	
	IV	Ir	IIr	IIIr	IVr	Ir	IIp	1984 Actual	1985 Expected**
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	24.262	26.916	34.123	27.309	29.100	29.938	28.605	32	1
Capital expenditures	19.560	20.129	21.739	23.034	24.587	23.354	25.673	19	6
Change in appropriations backlog*	+ 0.928	+ 4.969	+ 10.715	+ 2.885	+ 2.302	+ 4.984	+ 0.511		
Durable Goods									
New appropriations	11.024	13.387	18.702	12.742	15.072	16.737	11.421	59	14
Capital expenditures	8.727	8.874	10.041	11.101	12.223	11.648	13.332	33	9
Change in appropriations backlog*	+ 0.819	+ 3.659	+ 8.212	+ 1.107	+ 1.797	+ 4.154	-3.184		
Nondurable Goods									
New appropriations	13.238	13.529	15.421	14.567	14.028	13.201	17.184	11	16
Capital expenditures	10.833	11.255	11.698	11.933	12.364	11.706	12.341	9	4
Change in appropriations backlog*	+ 0.109	+ 1.310	+ 2.503	+ 1.778	+ 0.505	+ 0.830	+ 3.695		
ELECTRIC & GAS UTILITIES									
New appropriations	6.561	5.090	7.843	9.675	11.372	8.851	N.A.	26	
Capital expenditures	8.676	8.737	8.859	9.019	9.170	8.653	N.A.	1	
Change in appropriations backlog*	4.415	6.109	2.971	1.526	3.134	0.077	N.A.		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities

r—revised p—preliminary

* Change in Backlog New Appropriations - (Expenditures + Cancellations + Other Adjustments)

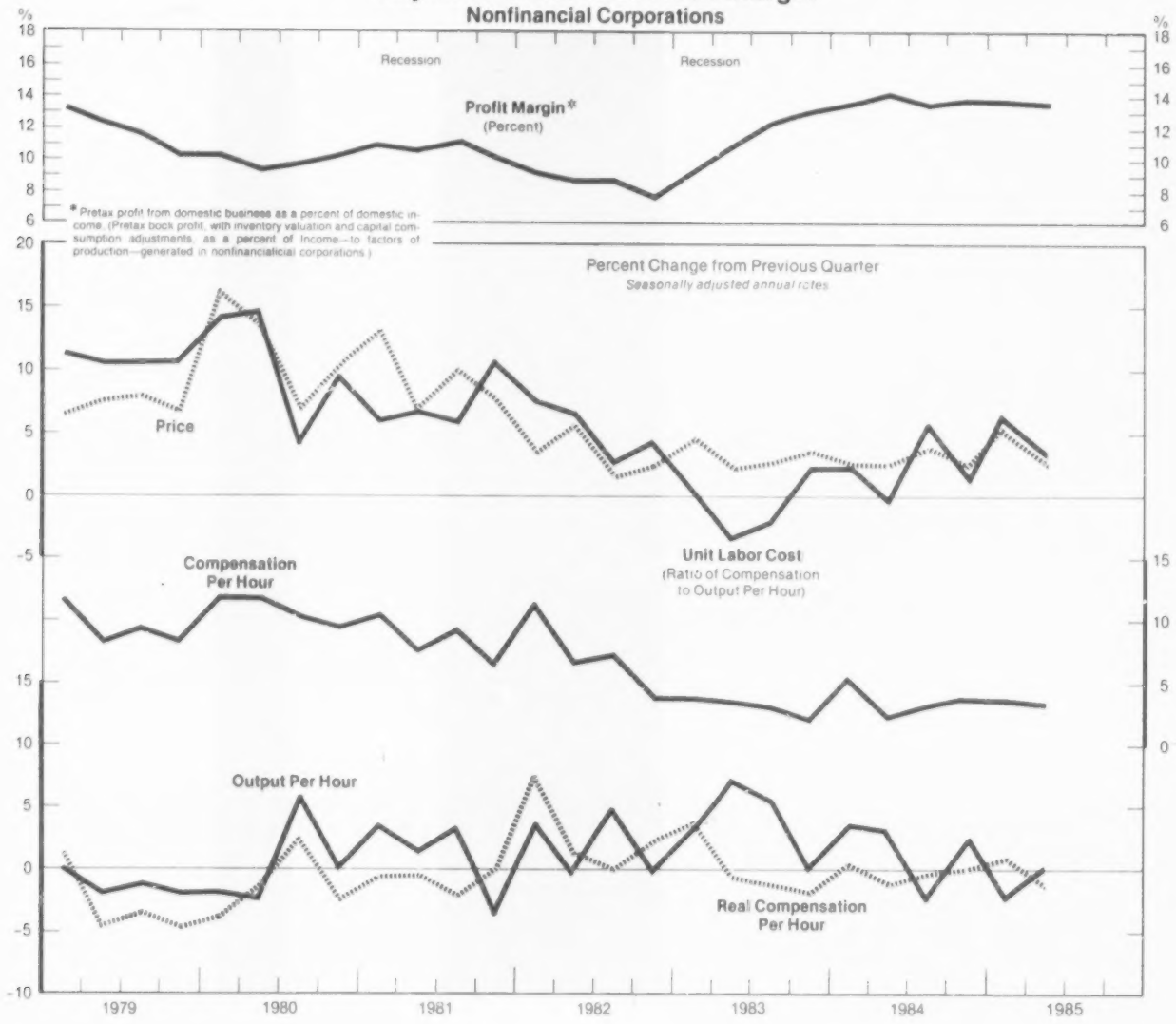
** Results based on survey respondents' expectations



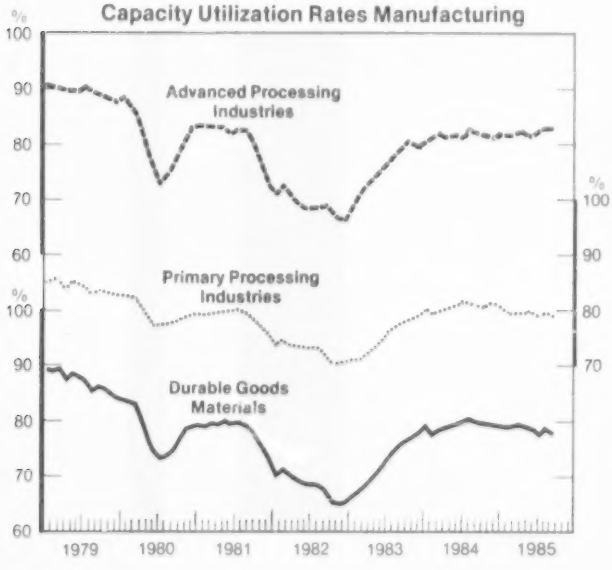
*Source of Forecast is The Energy Information Administration, Department of Energy

Key Determinants of Profit Margin

Nonfinancial Corporations



Capacity Utilization Rates Manufacturing



Inventory-Sales Ratios

ECONOMIC FORECASTS

			U.C.L.A.[2] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[2] de Nemours & Co.		Georgia State University[2]	
Date of Forecast			*Oct., 1985*		*Sept., 1985*		*Oct., 1985*		*Oct., 1985*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1985**	**III**	**$3916.1**	**6.7%**			**$3916.1**	**6.7%**	**$3915.1**	**6.7%**
		IV	3982.9	7.0	$3965.4	5.3%	3968.6	5.5	3991.8	8.0
	1986	I	4041.3	6.0	4026.1	6.3	4017.6	5.0	4067.1	7.8
		II	4097.2	5.6	4094.4	7.0	4081.1	6.5	4141.0	7.5
		III	4169.2	7.2	4172.6	7.9	4155.3	7.5	4197.0	5.5
		IV	4254.8	8.5	4252.5	7.9	4222.9	6.7	4262.4	6.4
	1987	I	4360.1	10.3			4284.6	6.0	4310.8	4.6
		II	4467.7	10.2			4360.6	7.3	4375.7	6.2
		III	4568.1	9.3			4435.7	7.1	4435.5	5.6
		IV	4666.1	8.9			4522.0	8.0	4504.6	6.4
	1985	Annual	3890.7	6.2	3885.9	6.1	3887.1	6.1	3892.9	6.3
	1986	Annual	4140.6	6.4	4136.4	6.4	4119.2	6.0	4166.9	7.0
	1987	Annual	4515.5	9.1			4400.7	6.8	4406.7	5.8
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1985**	**III**	**$1684.8**	**3.3%**			**$1684.8**	**3.3%**	**$1684.8**	**3.3%**
		IV	1698.0	3.2	$1693.4	2.1%	1696.0	2.7	1700.1	3.7
	1986	I	1709.8	2.8	1705.9	3.0	1706.0	2.4	1714.4	3.4
		II	1721.4	2.7	1720.0	3.3	1722.0	3.8	1728.0	3.2
		III	1738.3	4.0	1736.1	3.8	1735.0	3.1	1731.3	.8
		IV	1757.8	4.6	1752.6	3.9	1745.0	2.3	1739.3	1.9
	1987	I	1783.1	5.9			1756.0	2.5	1739.9	.1
		II	1808.6	5.8			1769.0	3.0	1750.0	2.3
		III	1830.3	4.9			1785.0	3.7	1755.3	1.2
		IV	1850.0	4.4			1798.0	2.9	1763.4	1.9
	1985	Annual	1679.4	2.4	1678.2	2.4	1678.9	2.4	1679.9	2.5
	1986	Annual	1731.8	3.1	1728.7	3.0	1727.0	2.9	1728.3	2.9
	1987	Annual	1818.0	5.0			1777.0	2.9	1752.1	1.4
Gross National Product deflator Index, 1972 100										
Actual	**1985**	**III**	**232.4**	**3.3%**			**232.4**	**3.3%**	**232.4**	**3.3%**
		IV	234.6	3.7	234.2	3.1%	234.0	2.7	234.8	4.1
	1986	I	236.4	3.1	236.0	3.2	235.5	2.6	237.2	4.2
		II	238.0	2.8	238.0	3.5	237.0	2.6	239.6	4.1
		III	239.8	3.1	240.3	3.9	239.5	4.3	242.4	4.7
		IV	242.1	3.7	242.6	3.9	242.0	4.2	245.1	4.4
	1987	I	244.5	4.1			244.0	3.3	247.8	4.5
		II	247.0	4.2			246.5	4.2	250.0	3.7
		III	249.6	4.2			248.5	3.3	252.7	4.3
		IV	252.2	4.3			251.5	4.9	255.4	4.4
	1985	Annual	231.7	3.7	231.5	3.6	231.5	3.6	231.7	3.7
	1986	Annual	239.1	3.2	239.3	3.3	238.5	3.0	241.1	4.0
	1987	Annual	248.3	3.9			247.6	3.8	251.5	4.3
Unemployment Rate										
Actual	**1985**	**III**		**7.1%**		**7.1%**		**7.1%**		**7.1%**
		IV		7.1		7.2		7.1		7.1
	1986	I		7.1		7.2		7.1		6.8
		II		7.1		7.1		7.1		6.7
		III		7.1		7.0		7.2		6.7
		IV		7.0		6.9		7.2		6.7
	1987	I		6.8				7.2		6.6
		II		6.6				7.3		6.6
		III		6.4				7.3		6.8
		IV		6.2				7.5		6.9
	1985	Annual		7.2		7.2		7.2		7.2
	1986	Annual		7.1		7.1		7.2		6.7
	1987	Annual		6.5				7.3		6.7

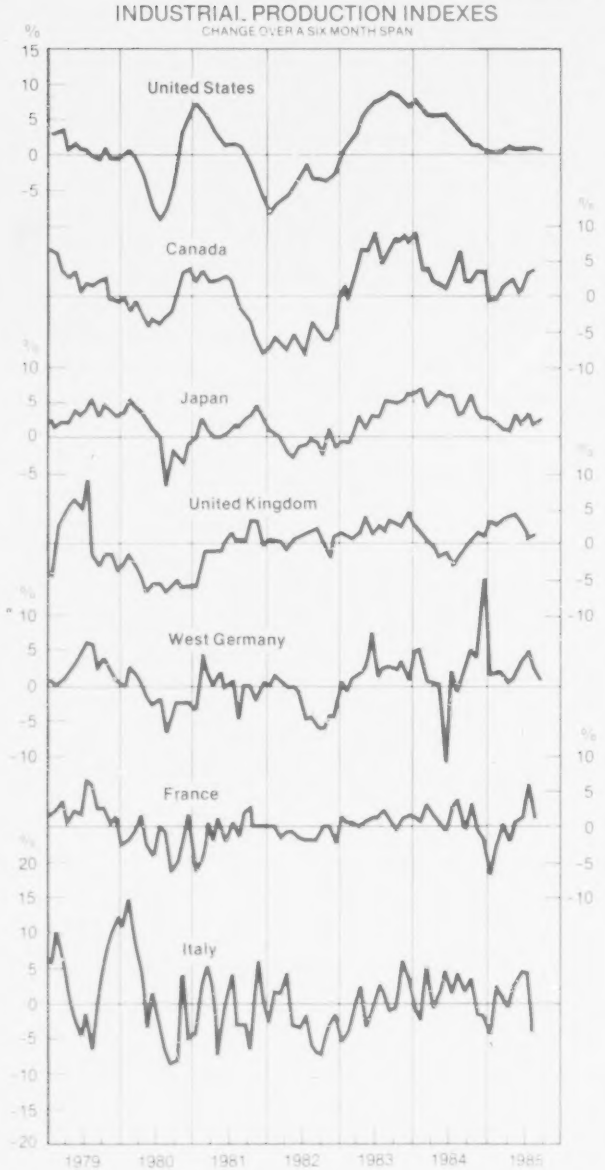
Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on revised (second revision) second quarter data.
[2]Based on preliminary third quarter data.

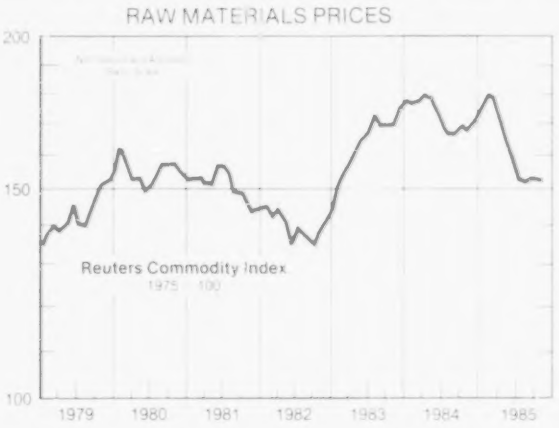
ECONOMIC FORECASTS (continued)

The Conference Board[2]		Chase Econometric[2] Associates, Inc.		Data Resources Inc.[2]		Wharton E.F.A. Inc.[2]				
Oct., 1985		Oct., 1985		Oct., 1985		Oct., 1985		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$3916.1	**6.7%**	**$3916.1**	**6.7%**	**$3916.1**	**6.7%**	**$3916.1**	**6.7%**	**III**	**1985**	**Actual**
3976.0	6.3	3973.6	6.0	3971.9	5.8	3972.7	5.9	IV		
4033.0	5.9	4033.7	6.2	4011.8	4.1	4016.0	4.4	I	1986	
4087.0	5.5	4107.8	7.6	4050.9	4.0	4071.3	5.6	II		
4167.0	8.1	4169.3	6.1	4105.2	5.5	4149.9	7.9	III		
4256.0	8.8	4230.9	6.0	4171.7	6.6	4243.3	9.3	IV		
		4315.3	8.2	4255.8	8.3	4336.8	9.1	I	1987	
		4394.4	7.5	4342.4	8.4	4419.5	7.8	II		
		4478.0	7.8	4422.0	7.5	4501.9	7.7	III		
		4563.4	7.8	4499.5	7.2	4582.9	7.4	IV		
3889.0	6.2	3888.4	6.2	3887.9	6.1	3888.1	6.2	Annual	1985	
4135.8	6.3	4135.4	6.4	4084.9	5.1	4120.1	6.0	Annual	1986	
		4437.8	7.3	4379.9	7.2	4460.3	8.3	Annual	1987	
								Gross National Product Billions of Constant (1972) Dollars		
$1684.8	**3.3%**	**$1684.8**	**3.3%**	**$1684.8**	**3.3%**	**$1684.8**	**3.3%**	**III**	**1985**	**Actual**
1698.4	3.3	1696.0	2.7	1693.0	2.0	1694.0	2.2	IV		
1709.9	2.7	1704.4	2.0	1697.0	.9	1700.3	1.5	I	1986	
1719.1	2.2	1718.0	3.2	1702.4	1.3	1708.7	2.0	II		
1735.5	3.9	1726.3	1.9	1713.5	2.6	1724.4	3.7	III		
1754.3	4.4	1735.0	2.0	1727.0	3.2	1744.3	4.7	IV		
		1752.9	4.2	1745.7	4.4	1762.5	4.2	I	1987	
		1767.6	3.4	1764.8	4.4	1778.9	3.8	II		
		1782.5	3.4	1779.9	3.5	1793.2	3.3	III		
		1798.6	3.7	1793.3	3.0	1805.6	2.8	IV		
1679.5	2.5	1678.9	2.4	1678.2	2.4	1678.4	2.4	Annual	1985	
1729.7	3.0	1720.9	2.5	1710.0	1.9	1719.4	2.4	Annual	1986	
		1775.4	3.2	1770.9	3.6	1785.1	3.8	Annual	1987	
								Gross National Product deflator Index, 1972 = 100		
232.4	**3.3%**	**232.4**	**3.3%**	**232.4**	**3.3%**	**232.4**	**3.3%**	**III**	**1985**	**Actual**
234.1	2.9	234.3	3.2	234.6	3.8	234.5	3.6	IV		
235.9	3.0	236.7	4.1	236.4	3.1	236.2	2.9	I	1986	
237.7	3.2	239.1	4.2	238.0	2.6	238.3	3.6	II		
240.1	4.0	241.5	4.1	239.6	2.8	240.7	4.1	III		
242.6	4.2	243.9	3.9	241.6	3.3	243.3	4.4	IV		
		246.2	3.9	243.8	3.7	246.1	4.7	I	1987	
		248.6	4.0	246.1	3.8	248.4	3.9	II		
		251.2	4.3	248.4	3.9	251.1	4.3	III		
		253.7	4.0	250.9	4.0	253.8	4.5	IV		
231.5	3.6	231.6	3.7	231.7	3.7	231.6	3.7	Annual	1985	
239.1	3.3	240.3	3.8	238.9	3.1	239.6	3.4	Annual	1986	
		249.9	4.0	247.3	3.5	249.8	4.3	Annual	1987	
								Unemployment Rate		
	7.1%		**7.1%**		**7.1%**		**7.1%**	**III**	**1985**	**Actual**
	7.1		7.2		7.2		7.2	IV		
	7.2		7.3		7.3		7.4	I	1986	
	7.4		7.2		7.4		7.4	II		
	7.4		7.1		7.5		7.3	III		
	7.2		7.0		7.6		7.2	IV		
			6.9		7.5		7.0	I	1987	
			6.6		7.4		6.8	II		
			6.5		7.3		6.7	III		
			6.4		7.3		6.7	IV		
	7.2		7.2		7.2		7.2	Annual	1985	
	7.3		7.2		7.4		7.3	Annual	1986	
			6.6		7.4		6.8	Annual	1987	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

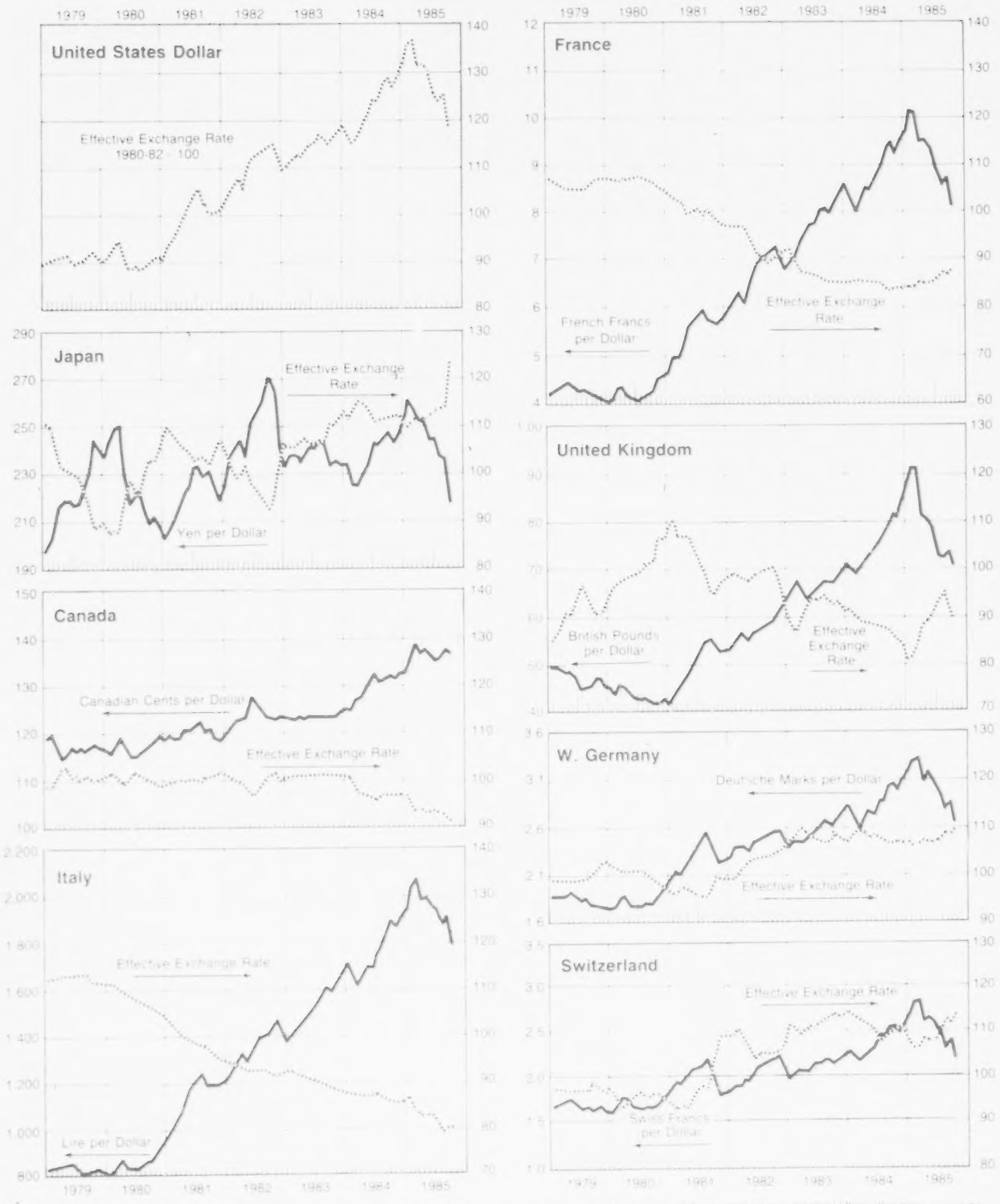
SELECTED INTERNATIONAL COMPARISONS





Foreign Exchange Rates

Indexes, 1980-82 = 100



Note: Nominal Effective Exchange Rates, index numbers 1980-82 = 100. Each index shows a currency's trade-weighted average against the currencies of major world industrial countries. Effective (real) rates are calculated using averages of daily noon spot exchange rates in New York and trading weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

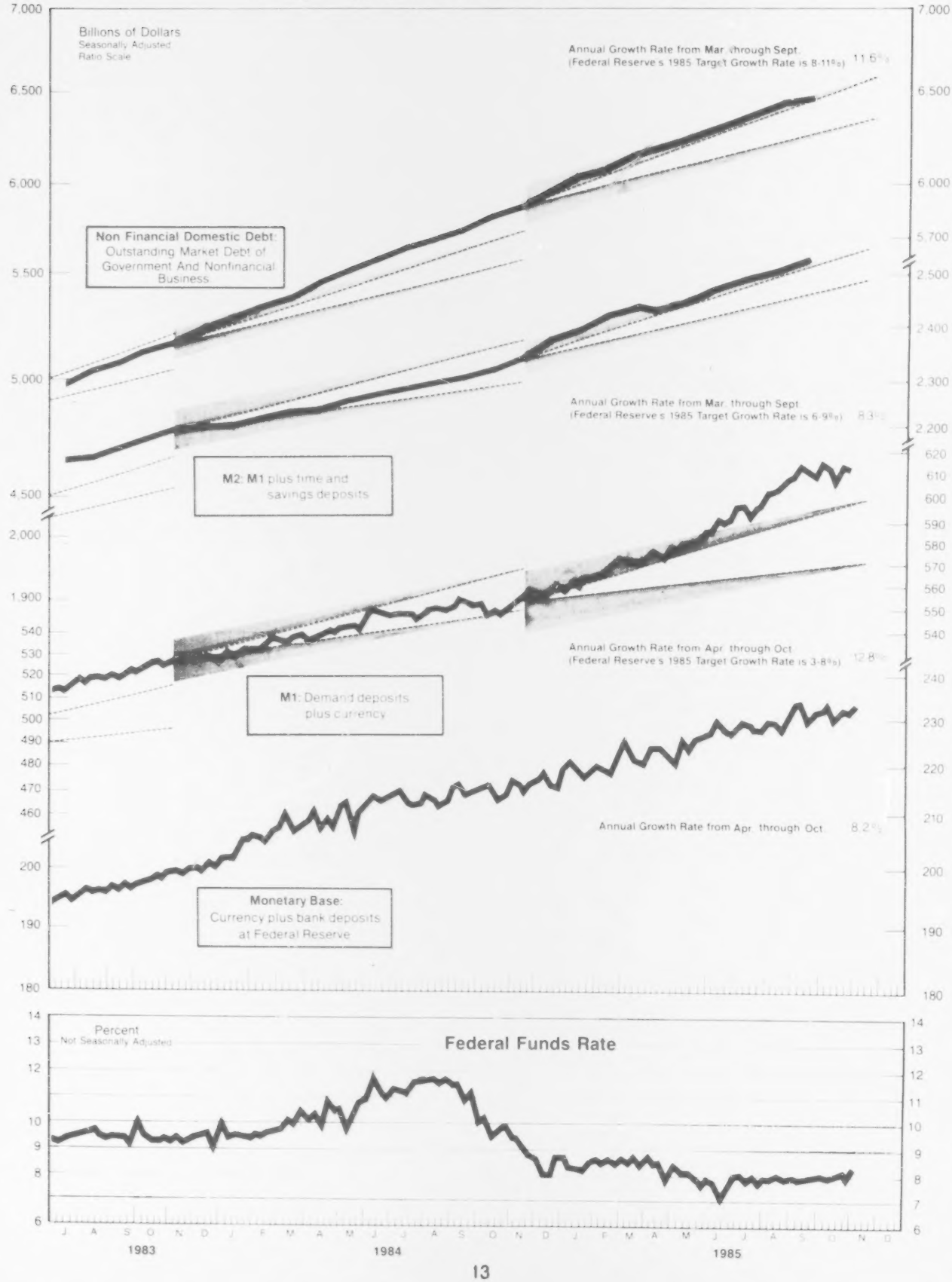
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Administration's Latest Estimate	Congress's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimte	Administration's Latest Estimate	Congress's Latest Estimate
	(8/30/85)	(8/15/85)	(8/30/85)	(8/15/85)	(8/30/85)	(8/15/85)
Receipts	$ 779.8	$ 790.0	$ 850.1	$ 858.0	$ 937.0	$ 939.0
Outlays	957.7	965.0	989.4	1,021.0	1,036.8	1,082.0
Deficit	177.8	175.0	-139.3	163.0	- 99.8	-143.0
Receipts by source	779.8	790.0	850.1	858.0	937.0	939.0
Individual income taxes	356.2	362.5	389.8	395.0	429.8	434.0
Social security	287.2	285.3	309.5	305.0	343.8	338.0
Corporate income taxes	68.0	72.5	81.2	87.0	94.4	96.0
Other receipts	68.4	69.7	69.6	71.0	69.0	71.0
Outlays by function	957.7	965.0	989.4	1,021.0	1,036.8	1,082.0
Social security and medicare	268.4	270.0	287.0	290.4	308.3	312.9
National defense	267.1	267.1	285.2	285.2	303.9	304.0
Income security	115.2	121.1	119.4	124.2	124.1	130.6
Health	34.5	34.9	35.7	37.8	37.1	40.7
Education and manpower	30.4	30.8	28.4	31.3	28.2	32.1
Transportation	26.1	25.8	25.6	27.7	24.7	28.1
Veterans' benefits	26.6	26.8	26.8	27.3	27.7	27.7
International affairs	21.3	18.9	19.1	17.3	18.0	16.4
Agriculture	16.4	16.2	10.6	16.2	9.5	13.7
Natural resources	12.4	13.0	11.6	12.8	11.5	13.0
General science	9.4	8.9	9.4	8.9	9.6	9.0
Justice	6.6	6.8	6.7	7.0	6.7	7.2
Community development	7.4	8.0	6.5	7.3	5.9	6.8
General government	5.0	5.5	5.0	5.2	5.1	5.5
Commerce, housing credit	2.8	3.7	- 1.0	3.4	- 1.6	5.2
Energy	3.8	5.6	3.1	5.2	1.8	4.5
Revenue sharing	2.9	6.5	1.7	3.2	1.8	2.1
Interest	138.1	137.0	147.0	149.0	151.8	165.0
Allowances	0.0	- 1.7	0.8	- 1.7	1.9	- 0.5
Offsetting receipts	-36.9	-39.9	-39.0	-37.1	-39.2	-41.9

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP						
Current Dollar	$4,236.7	$4,217.0	$4,589.4	$4,548.0	$4,959.3	$4,905.0
Constant (1972) Dollar	1,754.6	1,743.0	1,824.8	1,802.0	1,897.6	1,865.0
Percent change in						
Current dollar	8.5%	8.0%	8.3%	7.8%	8.1%	7.9%
Constant (1972) dollar	4.2	3.6	4.0	3.4	4.0	3.5
Implicit price deflator	4.1	4.2	4.2	4.3	3.9	4.2
Consumer price index	4.2	4.5	4.2	4.4	3.9	4.2
91-Day T bill rate	7.5	7.4	7.0	7.2	5.9	7.2
Unemployment rate	6.8	7.0	6.6	6.8	6.3	6.6

Money Supply and Monetary Growth Targets



CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

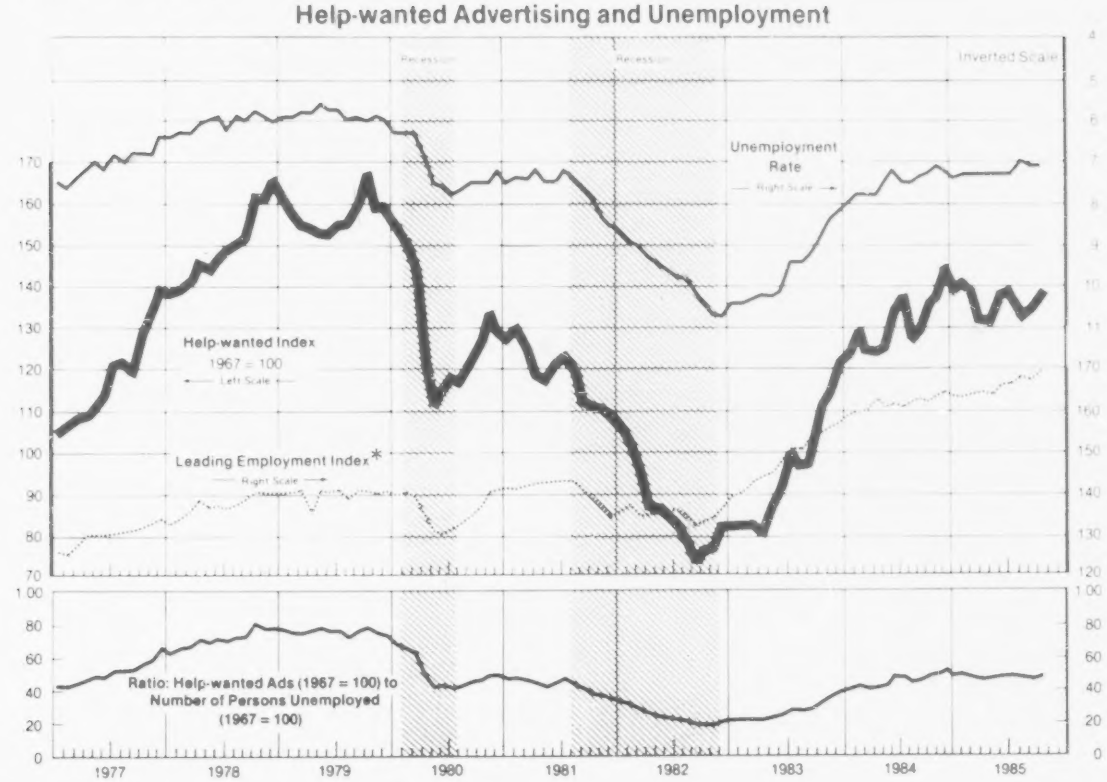
Seasonally Adjusted Indexes, 1967 = 100

Locality	1985 Sept.	1985 Aug.	1985 July	1984 Sept.
National Index	136	133	139	129
New England	147	145r	156r	144
Boston	156	153	167	153
Hartford	157	154r	158r	161
Providence	104	112	116	96
Middle Atlantic	69	68	71	62
Albany	163	159	176	128
Allentown	191	198	213	150
New York	57	54	54	54
Philadelphia	n.a.	59	64	55
Pittsburgh	71	67	75	55
Rochester	79	86	88	70
Syracuse	112	119	127	100
East North Central	85	86	90	80
Chicago	95	98	101	96
Cincinnati	118	129	132	97
Cleveland	55	57	63	57
Columbus	134	128	131	110
Dayton	78	75	81	59
Detroit	64	60	64	56
Gary	110	116	120	100
Indianapolis	85	84	89	80
Milwaukee	54	53	59	57
Toledo	113	107	112	87
West North Central	92	84	93	85
Kansas City	153	123	164	117
Minneapolis	73	68	71	80
Omaha	118	124	112	122
St. Louis	67	65	67	60
South Atlantic	176	164r	16[illegible]	147
Atlanta	273	262	2[illegible]5	275
Baltimore	192	153	126	88

Aug.	1985 Sept.	1985 Aug.	1985 July	1984 Sept.
Charlotte	141	131	140	137
Jacksonville	205	213	210	176
Miami	79	74	72	82
Richmond	119	116r	122	93
Washington, D.C.	165	163	167	147
East South Central	139	139r	154	118
Birmingham	149	148	156	121
Knoxville	182	192	194	174
Louisville	89	84	95	70
Memphis	109	103r	110	104
Nashville	197	203	250	154
West South Central	219	228	247	261
Dallas	289	301	340	354
Houston	273	284	299	332
New Orleans	96	98	111	119
Oklahoma City	126	129	145	144
San Antonio	192	209	206	196
Tulsa	142	137	153	159
Mountain	310	307	330	301
Denver	200	198	223	201
Phoenix	445	438	461	419
Salt Lake City	334	332	353	330
Pacific	204	197r	198	194
Los Angeles	148	144	144	148
Sacramento	345	359	383	309
San Bernadino	220	200r	216	167
San Diego	475	422	431	431
San Francisco	206	207	203	202
Seattle	196	190	182	191
Percentage of papers with rising volume	63	14	39	55
Unemployment rate	7.1	7.0	7.3	7.4

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised. N.A.—not available.

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2	95.1
1984	98.4	95.7	94.5	97.9	95.2	97.1	91.0	91.9	91.0	91.5	96.8	85.9
1985	95.4	95.8	87.8	93.1	87.2	91.5	92.1	89.8	88.2r	88.9p		

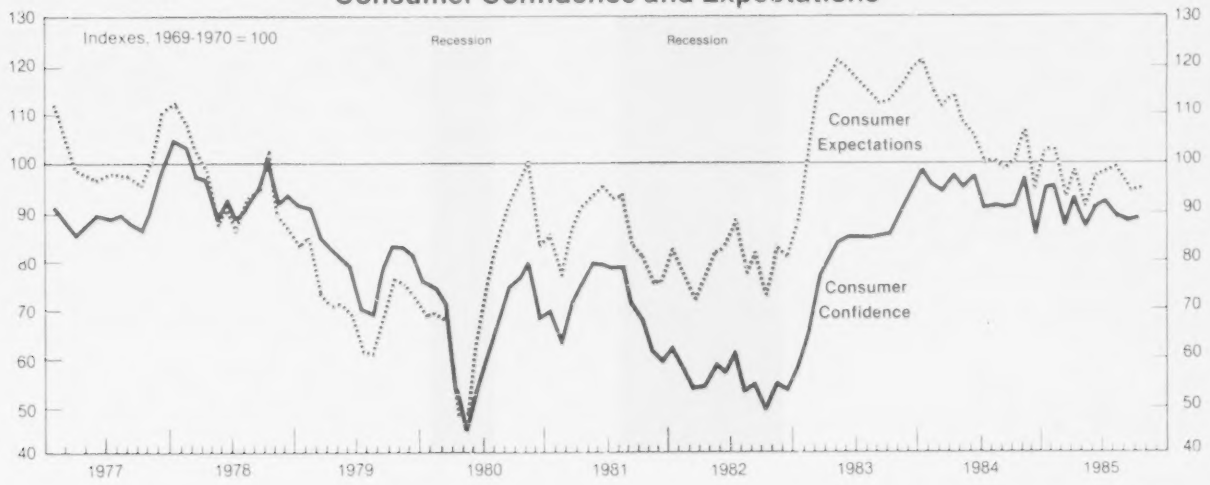
Buying Plans Index

1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9	108.5
1984	101.4	108.0	103.9	99.4	105.1	121.6	94.5	100.6	93.3	98.5	102.7	96.2
1985	102.3	107.1	113.8	101.4	88.8	107.6	97.7	105.3	119.5r	111.2p		

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc. p—preliminary r—revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

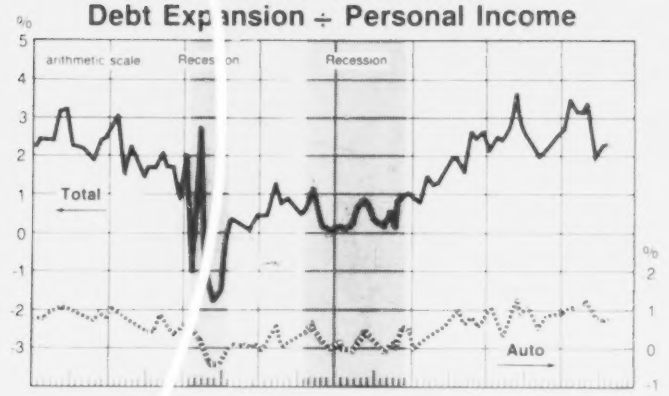
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary Purchasing Power (DPP)	Discretionary Spending (DSP)	Discretionary Saving (DSA)	Ratios (DSP)/(DPP)	Ratios (DSP)/(APP)	Ratios Total Saving/ (APP)	Ratios Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1999.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2458.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

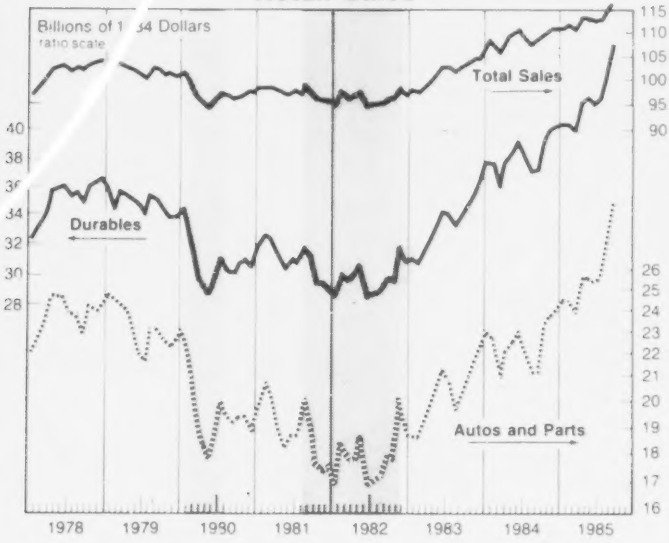
Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



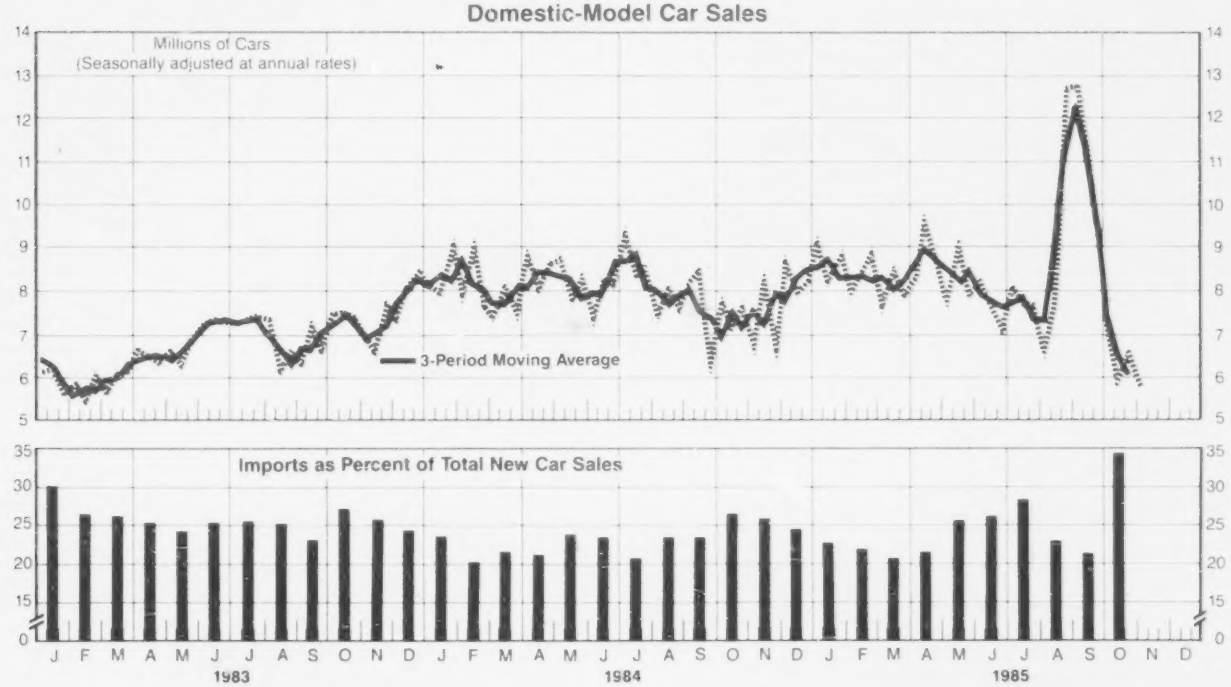
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1982	1983	1984	1985
January	1-10	5.53	6.17	8.16	9.14
	11-20	5.59	6.20	7.84	8.16
	21-31	5.14	5.60	9.15	8.78
February	1-10	6.10	5.86	7.79	7.97
	11-20	6.03	5.30	9.17	8.28
	21-28(29)	6.06	6.07	7.60	8.81
March	1-10	5.46	5.61	7.35	7.60
	11-20	5.68	6.10	8.13	8.55
	21-31	6.17	6.19	7.35	7.86
April	1-10	5.06	6.69	8.88	8.30
	11-20	6.14	6.52	7.96	9.76
	21-30	5.62	6.35	8.60	8.73
May	1-10	6.31	6.67	8.75	7.65
	11-20	6.53	6.30	7.74	9.13
	21-31	5.77	6.97	8.43	7.88
June	1-10	6.00	7.23	7.22	8.35
	11-20	4.24	7.34	8.25	7.67
	21-30	4.56	7.28	8.10	7.10
July	1-10	4.98	7.25	9.51	8.09
	11-20	5.56	7.36	8.32	7.71
	21-31	5.34	7.43	8.59	7.69
August	1-10	5.27	7.39	7.33	6.59
	11-20	5.00	6.11	8.07	7.69
	21-31	5.72	6.65	7.43	12.69
September	1-10	5.16	6.26	8.13	12.75
	11-20	6.75	7.21	8.52	11.27
	21-30	6.11	6.55	6.03	9.59
October	1-10	5.22	7.52	7.83	7.03
	11-20	5.36	7.56	7.07	5.88
	21-31	5.91	7.45	7.70	6.62
November	1-10	6.56	6.96	6.60	5.78
	11-20	6.98	6.55	8.44	
	21-30	6.48	7.62	6.57	
December	1-10	6.03	7.30	8.75	
	11-20	6.45	8.09	7.96	
	21-31	6.64	8.48	8.19	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
3-Period Moving Average
Imports as Percent of Total New Car Sales
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1983
1984
1985